



Health Reporter

A Newsletter for Retired Members of the State Health Benefits Program

Division of Pensions and Benefits

Fall 2002

Changes to the SHBP Medical Plans

Since the last issue of the *Health Reporter*, the following changes to the State Health Benefits Program (SHBP) plans have taken place:

- ◆ **Aetna Health** — As of May 1, 2002 Aetna US Healthcare changed its name to Aetna Health. Members who join Aetna Health, make coverage changes, or add a dependent will receive an identification card with the new logo. Members previously enrolled in the plan should continue to use identification cards with the former Aetna US Healthcare logo until further notice. Aetna Health will send new identification cards if there is a change in your coverage.

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- ◆ **Health Net** — Has expanded its service areas, effective January 1, 2003, into parts of Pennsylvania. The service areas include the following counties: Bucks, Chester, Delaware, Montgomery, and Philadelphia. For more information, contact Health Net's customer service department at 1-800-441-5741.
- ◆ **University Health Plans (UHP)** — Terminated its participation in the SHBP effective August 1, 2002. Retirees previously enrolled in UHP were contacted individually and given an opportunity to transfer to another SHBP participating health plan.

Premium Changes for Health Plans

The State Health Benefits Commission (SHBC) recently approved new rates for SHBP health plans based upon the recommendation of the Commission's actuarial consultant, Milliman USA. Beginning January 1, 2003, an increase in premiums was necessary for all SHBP medical plans. Although the increase is significant, the increased rates reflect the actual costs for providing the excellent health benefits coverage you have come to expect from the SHBP.

The new premium amounts for each plan and coverage level were mailed in October to retirees who pay for health benefits coverage. You can also view the rate charts through the SHBP's Internet home page at: www.state.nj.us/treasury/pensions/shbp.htm

Why has there been such a considerable increase in premiums in recent years? The healthcare industry has experienced two trends that are largely responsible for increased costs: (1) greater numbers of consumers needing increasingly expensive, technically advanced medical care and prescription

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A Message from Our New Director

Frederick J. Beaver recently joined the Division of Pensions and Benefits as Director after a thirty-year career with Exelon Corporation (formerly PECO Energy) in Philadelphia. He held a number of positions in Human Resources, with particular emphasis in pension and health and welfare benefit plans. In his last assignment, Mr. Beaver was the Human Resources lead on the Mergers and Acquisitions Team responsible for the benefit plans of all acquired facilities.

Upon my retirement from PECO, I decided that my return to work would be dependent upon the availability of an assignment which would prove challenging while offering an opportunity for personal growth. Accepting the position as Director of the Division of Pensions and Benefits has certainly provided the opportunities I was seeking. I feel like a novice with the myriad rules, regulations, and statutes under which the various public plans are administered and under which the Division must operate. My current comfort level is based entirely on the fact that I am surrounded by dedicated and knowledgeable people who have devoted their careers to delivering services to the participants of the various pension and benefit systems. I have a lot to learn and I could not ask for better teachers.

The Division faces many challenges in the future. Pension funding, skyrocketing health costs, and the aging of our population will have a significant impact on our ability to deliver appropriate services. There is a dedicated staff here that will find solutions to all of these issues. As we move forward, I intend to be as accessible as possible to participants and employers. The sharing of information and issues will hopefully form the basis for understanding as we work together to ensure that the programs developed to serve New Jersey's public employees in the past continue to be regarded as being among the best in the nation.

Frederick J. Beaver, Director
Division of Pensions and Benefits

HIPAA Notice for 2003

The federal Health Insurance Portability and Accountability Act (HIPAA) of 1996 requires group health plans to implement several provisions contained within the law or notify its membership each plan year of any provisions from which they file an exemption. As self-insured non-federal government plans, the Traditional Plan and NJ PLUS may elect exemption from compliance with any HIPAA provisions on a year-to-year basis.

For the plan year that begins January 1, 2003 all SHBP health plans will meet or exceed the federal requirements with the exception of mental health parity for the Traditional Plan and NJ PLUS. The State Health Benefits Commission has filed an exemption from the area of mental health parity for non-biologically based mental illness with the federal Centers for Medicare and Medicaid Services for calendar year 2003. As a result, the maximum annual and lifetime dollar limits for mental health benefits under the Traditional Plan and NJ PLUS, as outlined in the *SHBP Summary Program Description*, will not change.

Prescription Drug Coverage Update

Copayments and Out-of-Pocket Maximum - Traditional Plan and NJ PLUS

Effective January 1, 2003, there will be an increase to some copayments and to the out-of-pocket maximum limit under the Retiree Prescription Drug Plan.

For Traditional Plan and NJ PLUS members — when you purchase up to a 30-day supply of prescription drugs at a retail pharmacy — you will be responsible for a copayment of \$6 for generic drugs, \$11 for preferred brand drugs, and \$23 for all other name brand drugs.

There is also a mail order option that allows you to purchase a 90-day supply of medication that can be delivered directly to your home. The mail order prescription copayment will be \$6 for generic, \$17 for preferred brand, and \$28 for all other name brand drugs.

The Retiree Prescription Drug Plan has a out-of-pocket feature that limits total copayments to an annual maximum. For 2003, the annual maximum will increase from \$345 to \$397 per person. Copayments are not eligible for reimbursement under NJ PLUS or the Traditional Plan.

Copayments Under HMO Prescription Drug Coverage

SHBP HMOs provide enrolled retirees a prescription drug benefit with a three-tier design. For 2003 the structure remains unchanged at copayment amounts of \$5 for generic drugs, \$10 for preferred brand drugs, and \$20 for all other name brand drugs when purchased at a retail pharmacy.

A mail order program is also available with each HMO. For most HMO plans (except Oxford) the mail order prescription copayments for a 90-day supply are \$5 for generic drugs, \$15 for preferred brand drugs, and \$25 for all other brands. For Oxford, the mail order copayments are \$15 for a 90-day supply of generic drugs and \$30 for all name brands. These mail order copayments are at the same level as in 2002.

Premium Changes *(continued from page 1)*

drugs, and (2) the rising costs of hospital care.

As a result of these increasing trends over the last several years, overall medical claim costs for the SHBP have been greater than expected. The result is that the cost of providing quality health-care exceeded the revenues. It is these worsening trends that have required the increased rates.

The SHBP understands the effects that rate increases have on our retired members and continues to research ways to control costs. Two of the SHBP's most popular HMO plans, Aetna Health and Cigna HealthCare, have been self-funded for several years, thereby reducing administrative costs, which keeps those plan rates lower than

they would otherwise be. Health Net, another large plan, will also be self-funded beginning January 1, 2003, which significantly lowers the premium level for that plan. In the spring of 2002 NJ PLUS in-network service expanded to include all of North Carolina and South Carolina and, effective January 1, 2003, Health Net expands its service areas into parts of Pennsylvania (see article "Changes to SHBP Medical Plans" on page 1). We are also working with NJ PLUS and the HMO plans to continue to expand the service areas available to our retirees living outside of the New Jersey area. This will give those retirees an alternative to the Traditional Plan.

Reducing Health Care and Prescription Costs

Nearly every major market across the US has felt the pinch of rising health care costs. This year's increased health care and prescription drug cost trends have had a similar impact on the SHBP.

But there are ways that SHBP members can help cut those costs:

- ◆ If you are taking a brand name drug, talk to your doctor or pharmacist to find out if there is a therapeutically equivalent (generic) prescription drug that may be less expensive. Ask your doctor to prescribe generic or low-cost brand name prescription drugs when possible. Generic prescription drugs by law must have exactly the same active ingredient as the higher priced brand name prescription drugs.
- ◆ If you are taking long-term or maintenance medications, using the mail order prescription service that is available through your health plan saves you and the plan money. You also avoid unnecessary trips to your pharmacy. Mail order service is safe and convenient. Additionally, you get larger quantities of medication at one time — up to a 90-day supply for only one copayment. This means you can save the equivalent of two retail pharmacy copayments per prescription. Contact your health plan for more information about obtaining prescription drugs through mail order.
- ◆ Always review your claim summary that shows eligible charges paid to your doctor by your health plan. Make sure all billed charges were actually performed.

Dependents Turning Age 23 and COBRA

Does your dependent child turn age 23 during the year 2002? A dependent child who is age 23 as of December 31 will automatically be deleted from your coverage. However, overage children may continue group coverage at their own expense for a limited time under the provisions of the federal COBRA* law. To ensure receipt of a COBRA notice and application, you must notify the SHBP if your dependent is no longer eligible for your coverage because of age, marriage, or becoming independent of you.

Under COBRA, your overage dependent can continue coverage for up to 36 months. The dependent will be billed once a month for the COBRA premium (cost plus a two percent administrative charge). Dependents may enroll in any of the health or prescription drug benefits for which they were eligible at the time their coverage as a dependent ended.

To obtain a COBRA application, contact the Division of Pensions and Benefits' Office of Client Services at (609) 292-7524. For more information

about COBRA, *Fact Sheet # 30, Continuation of New Jersey State Health Benefits Program Insurance Under COBRA*, can be obtained from the Division of Pensions and Benefits' Benefit Information Library by calling (609) 777-1931. When prompted, enter information selection number 2-5-4. At the end of the recorded message you can order the fact sheet by mail or fax.

Overage dependents with disabilities

Unmarried children with disabilities who turn age 23 in 2002, and who are still dependent on you for support, may remain on your health plan upon approval of their disabled status. Requests for the continuation of coverage must be sent to the SHBP by the January 31, 2003 deadline.

To apply for an extension of health benefits coverage for a dependent with disabilities, write to the Division of Pensions and Benefits, State Health Benefits Program, PO Box 299, Trenton, NJ 08625-0299 or call (609) 292-7524. Please provide your name, address, and Social Security number, as well as your dependent's name and date of birth, and ask for the *Request for Continuance for Dependents with Disabilities* form.

*The Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985.

Medicare Premium Reimbursement 2003

The U.S. Department of Health and Human Services has announced the new Medicare premiums and deductibles for calendar year 2003. Among the changes, the monthly premium for Medicare Part B coverage will increase from \$54.00 to \$58.70.

SHBP members who retired with 25 years of pension credit or on a disability retirement may be eligible for reimbursement of Medicare Part B premiums. Eligible State employees, employees of State universities and colleges, school board and county college employees are reimbursed in their pension checks, provided they receive a pension check from the State (Alternate Benefit Program retirees and a small number of local board of education retirees are reimbursed in a separate check). Eligible retired local employees whose former employer provides SHBP coverage may be reimbursed directly by their former employer.

Limitations on Reimbursement

Most retired members eligible for Medicare reimbursement, receive the full amount of the Part B premium. However, State employees and employees of State universities/colleges who attained 25 years of service after July 1, 1997, or retired on a disability retirement on or after August 1, 1997, are reimbursed for Medicare Part B premiums according to the terms specified in the bargaining unit (union) agreements in effect at the time they reached 25 years credited in the system or retired on a disability retirement. For most of these retirees, the Medicare Part B reimbursement is capped at a maximum monthly reimbursement level of \$ 46.10.

Additional information about Medicare deductibles and premiums for 2003 is available by calling the Social Security Administration at 1-800-772-1213 or over the Internet at: www.medicare.gov

New! E-mail address

We recently updated our computer network. If you contact the Division of Pensions and Benefits via e-mail, the address has changed. The new address is **pensions.nj@treas.state.nj.us** The new address is accessible through our Web site; however, if you have us listed in your e-mail address book you will want to update it.



Changing Your Health Plan?

Are you thinking about changing health plans? The Unified Provider Directory is an online service that provides comprehensive information concerning health care providers and facilities that deliver their services through one or more of the SHBP's health care plans. The Unified Provider Directory is available for all areas of New Jersey and Delaware, and the contiguous counties of Pennsylvania and New York. You can search for information two ways: (1) by name for a provider or hospital; or (2) by entering an address and ZIP Code.

The site also includes providers that participate in Horizon's network, who offer discounted services to members of the Traditional Plan and NJ PLUS (for out-of-network services). Using a participating network provider can reduce your out-of-pocket costs.

If you have access to the Internet, you can view the Unified Provider Directory, health plan descriptions, and other SHBP information by accessing the SHBP home page at: www.state.nj.us/treasury/pensions/shbp.htm

Health Tip:

Get the Flu Shot and the "Pneu" Shot



It's that time of year again — flu season is almost here, but you can take precautions to defend yourself. Ask your doctor about getting vaccinated against the flu and pneumococcal (new-mo-kok-al) disease, the cause of the most common form of pneumonia. There are several misconceptions about these types of vaccinations that prevent some people from taking advantage of their benefit. Here are some answers to some common questions and concerns:

WHAT YOU NEED TO KNOW ABOUT THE FLU SHOT

What is the flu shot?

It is a vaccine that can help protect you from getting the flu, also called influenza. The flu is a viral infection that can make people of any age ill. Although most people are ill for only a few days, some may become hospitalized. Thousands of people die each year from flu-related illnesses. Most deaths caused by the flu are in the elderly population.

What are the symptoms of the flu?

The flu is much more serious than a cold. Fever, chills, headache, cough, sore throat, and sore muscles are all symptoms.

Who should get a flu shot?

People age 65 and older; long term care facility residents; people who see a doctor regularly or were hospitalized in the past year; people who have close contact with children; healthcare workers; people who have a disease or condition that lowers the body's resistance to infection; any child or adult with long-term health problems.

When should you get a flu shot?

If you are part of a high-risk group, it is best to get a flu shot once a year between October and

December. The flu season is commonly between December and April. The shot begins to protect you after one to two weeks. It can protect you for up to two years.

Will you get the flu from the flu shot?

No. There is no live virus in a flu shot. The viruses that cause the flu change from year to year. That is why it is important to get flu shots every year. Because the viruses change so often, it is possible to get the flu after having the flu shot. However, people who have had the shot often have a milder case than those who do not get a shot. Some people coincidentally catch a cold a week or two following immunization. This is not a result of the flu vaccine — the flu is not a cold.

Are there any side effects from the flu shot?

Very few people have serious problems. Some people may experience a mild fever, aches, soreness, redness or swelling in the area where the shot was given. People who are allergic to eggs should consult their doctor before getting the flu shot.

WHAT YOU NEED TO KNOW ABOUT THE "PNEU" SHOT

What is the "pneu" shot?

It is a shot that can help protect you from getting pneumococcal disease. Some call it the pneumonia shot, but it protects against more than pneumonia. Pneumococcal disease can lead to serious illness and death. People that are at greater risk for the disease are those 65 years of age or older, the very young, and people with special health problems. Pneumococcal disease is caused by pneumococcus bacteria. This bacteria can lead to serious infections of the lungs (pneumonia), blood (bacteremia), and brain (meningitis).

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Get the Flu Shot and the "Pneu" Shot *(continued from page 6)*

Who should get the "pneu" shot?

All adults age 65 and older; anyone over the age of two who has long-term health problems, has a disease or condition that lowers the body's resistance to infection, or who is taking any drug or treatment that lowers the body's resistance to infection.

When should you get the "pneu" shot?

If you are 65 years of age or older, you may only need to get the "pneu" shot once. If it has been more than five years since your last "pneu" shot, discuss revaccination with your doctor. If you do not remember getting a "pneu" shot, it is safe to get another one. You can get the "pneu" shot when you get the flu shot; however, it is better to get them in different arms.

Are there any side effects from the "pneu" shot?

About half of those who get the shot have very mild side effects, such as redness or pain where the shot was given.

Things to remember...

If you have a serious reaction to the flu or "pneu" shot (such as hives or difficulty breathing) contact a doctor right away. Tell your doctor the date and time it began, and when the shot was given. Ask your doctor to file a Vaccine Adverse Reaction Event Reporting System (VAERS)

form, or call VAERS yourself at 1-800-822-7967.

You can get flu shots from your doctor, health department, visiting nurse associations, and clinics. During the fall, some pharmacies and grocery stores offer vaccinations for seniors.

If you have Medicare bring your Medicare Card when you get your shot.

The flu shot and "pneu" shot are both covered by Medicare Part B. If you are not eligible for Medicare, all SHBP HMO members and NJ PLUS members using an in-network provider are covered for immunizations after a copayment. NJ PLUS members over the age of 12 using an out-of-network provider and Traditional Plan members are not covered for immunization. However, during the fall many facilities offer immunizations for seniors and the cost is either free or a very small fee.

For more information contact your doctor, your local or state health department, or call the Centers for Disease Control and Prevention's (CDC) National Immunization Hotline at 1-800-232-2522 (English) or 1-800-232-0233 (Spanish). You can also visit the CDC Web site at www.cdc.gov/ni

Diabetes and the Flu

For people with diabetes, illnesses like the flu can mean more than just aches and pains. It can mean longer illness, hospitalization, and even death—because diabetes can make the immune system more vulnerable to severe cases of the flu. In fact, people with diabetes are almost three times more likely to die from influenza (the flu) or pneumonia. Consider these odds:

- ◆ During flu epidemics, deaths among people with diabetes increases five to 15 percent.
- ◆ People with diabetes are six times more likely to be hospitalized with flu complications.
- ◆ Each year, 10-30,000 deaths among people with diabetes are associated with influenza and pneumonia.

Now you can add an annual flu vaccine to your routine health maintenance. It's one more way to stay in control of your diabetes.

Source: The U.S. Department of Health and Human Services and the Centers for Disease Control National Immunization Program, Influenza Vaccine Information Statement

Revised Publications

The Division of Pensions and Benefits has revised the *Summary Program Description (SPD)* and the *SHBP Plan Comparison Chart for 2003*.

- ◆ The SPD provides information about all of the health plans participating in the SHBP and the benefits that they offer.
- ◆ The *SHBP Plan Comparison Chart*, your "map" to your health benefits, is an outline of the SHBP. A quick-reference summary of each health plan is offered within a large chart that allows you to compare specific benefits among plans.

Copies of the *SPD* and comparison chart are available from the Division's Benefit Information Library at (609) 777-1931. To receive the SPD and the comparison chart, use information selection number 1-3-0. Leave your name, address, and phone number and these publications can be mailed to you. These publications can also be viewed online at the Division's Internet site at:

www.state.nj.us/treasury/pensions/shbp.htm

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The selections in this publication are for information purposes only and, while every attempt at accuracy is made, it cannot be guaranteed.

If you would like to see any particular health benefits issue addressed, please forward your ideas to Health Reporter, Division of Pensions and Benefits, Office of Client Services, PO Box 295, Trenton, NJ 08625-0295 or e-mail us at: pensions.nj@treas.state.nj.us

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